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19583-E  
RECORDED & INDEXED  
SEP 10 1996 3:15 PM  
INTERSTATE COMMERCE COMMISSION

September 10, 1996

Honorable Vernon A. Williams  
Secretary  
Surface Transportation Board  
Room 2214  
12th & Constitution Avenue, N.W.  
Washington, D.C. 20423

Dear Mr. Williams:

Enclosed for filing and recordation pursuant to 49 U.S.C. § 11301 are one original and three executed counterparts of the First Amendment to Mortgage of Locomotives and Security Agreement hereinafter described, a secondary document. The primary document to which it relates is the Mortgage of Locomotives and Security Agreement recorded on August 31, 1995 under Recordation No. 19583. This document relates to railroad equipment identified below.

First Amendment to Mortgage of Locomotives and Security Agreement, dated as of September 10, 1996 between (1) MK Rail Corporation, as mortgagor and (2) BankAmerica Business Credit, Inc., as mortgagee.

The equipment subject to this document consists of the locomotives listed on Schedule 1 of the Mortgage and Security Agreement and locomotives thereafter acquired, to the extent not released under the partial releases that have been recorded under Recordation No. 19583-A, Recordation No. 19583-B and Recordation No. 19583-C. This document does not add or release any items of equipment.

Counter part - [Signature]

Honorable Vernon A. Williams  
September 10, 1996  
Page 2

The names and addresses of the parties to the document are as follows:

Mortgagor: MK Rail Corporation  
200 Reedsdale Street  
Pittsburgh, PA 15233

Mortgagee: BankAmerica Business Credit, Inc.  
231 South LaSalle  
16th Floor  
Chicago, Illinois 60697

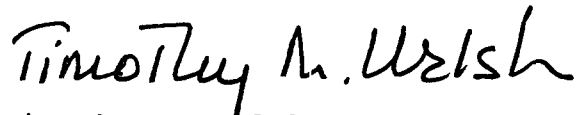
Please file and record the document with indexing under the foregoing names.

A fee of \$21.00 is enclosed for the recordation. Please return the original and any extra copies not needed by the Commission for recordation to the person presenting this letter.

A short summary of the document to appear in the index follows:

First Amendment to Mortgage of Locomotives and Security Agreement, dated as of September 10, 1996 between (1) MK Rail Corporation, as mortgagor, and (2) BankAmerica Business Credit, Inc., as mortgagee, covering all of the locomotives listed on Schedule 1 of the Mortgage of Locomotives and Security Agreement and locomotives thereafter acquired, recorded under Recordation No. 19583, to the extent not previously released by the partial releases recorded under Recordation Nos. 19583-A, 19583-B and 19583-C.

Very truly yours,



Timothy M. Walsh  
Attorney for MK Rail  
Corporation

Enclosures

RECORDATION NO. *19583-E*  
SEP 10 1996 - 3:14 PM  
INTERSTATE COMMERCE COMMISSION

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**FIRST AMENDMENT TO MORTGAGE OF LOCOMOTIVES AND  
SECURITY AGREEMENT**

**BY  
MK RAIL CORPORATION,  
a Delaware corporation,**

**Mortgagor**

**AND**

**BANKAMERICA BUSINESS CREDIT, INC.,  
as Agent for the Lenders**

**Dated: as of September 10, 1996**

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**FIRST AMENDMENT TO  
MORTGAGE OF LOCOMOTIVES AND SECURITY AGREEMENT**

THIS FIRST AMENDMENT TO MORTGAGE OF LOCOMOTIVES AND SECURITY AGREEMENT (this "First Amendment"), dated as of this 10th day of September, 1996, is made by and between MK RAIL CORPORATION, a Delaware corporation having an office and place of business at 1200 Reedsdale Street, Pittsburgh, PA 15233 (the "Mortgagor"), and BANKAMERICA BUSINESS CREDIT, INC., a Delaware corporation, having an office and place of business at 231 South LaSalle, 16th Floor, Chicago, Illinois 60697, individually and as agent (in such capacity, the "Agent" or the "Mortgagee") for the financial institutions which may from time to time become Lenders under the Amended and Restated Loan and Security Agreement (as defined below).

**RECITALS**

WHEREAS, on August 31, 1995, the Mortgagor, Motor Coils Manufacturing Co., MK Engine Systems Co., Inc., Clark Industries, Inc., Power Parts Company (therein called "Power Parts, Inc."), Touchstone, Inc., Power Parts Sign Co., and Alert Mfg. & Supply Co. (collectively the "Corporations") entered into that certain Loan and Security Agreement by and among the Corporations, the financial institutions named therein and the Agent (the "Existing Loan Agreement") under which certain loans and financial accommodations were extended to the Corporations under the terms and conditions therein contained;

WHEREAS, pursuant to the terms and conditions of the Existing Loan Agreement, the Mortgagor granted to the Mortgagee that certain Mortgage of Locomotives and Security Agreement, dated as of August 30, 1995, which mortgage was recorded with the Interstate Commerce Commission ("ICC") on August 31, 1995 and assigned ICC Recordation Number 19583 (the "Original Mortgage");

WHEREAS, on the date first above written the Existing Loan Agreement was amended and restated under the terms and conditions contained in the certain Amended and Restated Loan and Security Agreement (the "Amended and Restated Loan and Security Agreement") by and among the financial institutions named therein (the "Lenders"), the Mortgagee as agent for the Lenders and

Mortgagor, Motor Coils Manufacturing Co., MK Engine Systems Company, Inc., Clark Industries, Inc., Power Parts Company, Touchstone, Inc. and Power Parts Sign Co.;

WHEREAS, the Mortgagor and the Mortgagee desire to conclusively establish that the Original Mortgage secures the Obligations contained in the Amended and Restated Loan and Security Agreement, and the Mortgagor and the Mortgagee desire to amend the Original Mortgage as hereinafter provided.

NOW THEREFORE, in consideration of the premises and the terms and conditions contained herein, the receipt and sufficiency of which consideration is hereby acknowledged, the Original Mortgage is hereby amended as follows:

1. From and after the date first above written, all references in the Original Mortgage to the "Loan and Security Agreement," shall be deemed to mean and refer to the Amended and Restated Loan and Security Agreement.

2. Recital B of the Original Mortgage shall be deemed to be deleted, and the following recital shall be deemed to be placed in its stead:

"B. Agreement to Finance. Pursuant to that certain Amended and Restated Loan and Security Agreement (the Amended and Restated Loan and Security Agreement, and all extensions, renewals, amendments, substitutions or replacements thereto, referred to herein as the "Credit Agreement") by and among the Mortgagor, Touchstone, Inc., a Tennessee corporation ("TI"), MK Engine Systems Company, Inc., a New York corporation ("MKES"), Motor Coils Manufacturing Co., a Pennsylvania corporation ("MCMC"), Power Parts Company, a Nevada corporation ("PPC"), Power Parts Sign Co., an Illinois corporation ("PPS"), and Clark Industries, Inc., an Illinois corporation ("CII"), as the borrowers (the Mortgagor, TI, MKES, MCMC, PPC, PPS and CII, are herein referred to individually as a "Loan Party", and collectively as the "Loan Parties"), the Agent and the financial institutions named therein (herein referred to individually as a

"Lender" and collectively as the Lenders"), agreed to make available to the Loan Parties, upon the terms and conditions set forth in the Credit Agreement, a revolving credit facility in an amount not to exceed SIXTY-SEVEN MILLION DOLLARS (\$67,000,000.00) and a term loan of EIGHT MILLION DOLLARS (\$8,000,000.00). The indebtedness of the Loan Parties to the Lenders under the Credit Agreement shall bear interest at rates provided in the Credit Agreement and to be repaid at the times and places and in the manner set forth in the Credit Agreement, and containing other terms and provisions all of which are specifically incorporated herein by reference. The Credit Agreement, and all of the terms and provisions thereof are hereby specifically incorporated herein by reference and all capitalized terms defined in the Credit Agreement shall have the same meanings herein except only as otherwise defined herein."

3. Except as otherwise expressly provided herein, nothing herein contained shall in any way (a) impair or affect the validity and priority of the Lien of the Original Mortgage; (b) alter, waive, annul or affect any provision, condition or covenant in the Original Mortgage; or (c) affect or impair any rights, powers or remedies under the Original Mortgage. It is the intent of the parties hereto that all the terms and provisions of the Original Mortgage shall continue in full force and effect, except as amended by this First Amendment.

4. In the event any one or more of the provisions contained in this First Amendment shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision of this First Amendment, and this First Amendment shall be construed as if such provision had not been contained herein.

5. All of the terms and provisions of this First Amendment shall apply to, bind and inure to the benefit of Mortgagor, Mortgagee and their respective successors and assigns.

6. This First Amendment may be executed in as many counterparts as may be deemed necessary or convenient, and by the different parties hereto on separate counterparts, each of which, when so executed, shall be deemed an original, but all such counterparts shall constitute but one and the same instrument.

7. The Original Mortgage, as herein modified and amended, is hereby ratified and in full force and effect.

8. Unless otherwise defined herein, all capitalized terms shall have the same meaning as set forth in the Original Mortgage as modified by this First Amendment.

IN WITNESS WHEREOF, this First Amendment has been duly executed by the Mortgagor and the Mortgagee and is effective as of the date first above written.

Mortgagor:

MK RAIL CORPORATION,  
a Delaware corporation

By: Thomas P. Lyons  
Name: Thomas P. Lyons  
Title: Treasurer

Mortgagee:

BANKAMERICA BUSINESS CREDIT,  
INC., a Delaware corporation,  
individually and as Agent for  
the Lenders

By: Thomas P. Sullivan  
Name: Thomas P. Sullivan  
Title: V.P.





ACKNOWLEDGMENT

State of Illinois )  
 ) ss:  
 County of Cook )

On this 9<sup>th</sup> day of September, 1996 before me, a  
 Notary Public of the State of Illinois, personally appeared,  
Thomas G. Sullivan, to me personally known,  
 who being by me duly sworn, says that he or she is the  
Vice President of BankAmerica Business  
 Credit, Inc., a Delaware corporation, and acknowledges that he or  
 she signed, executed, sealed with the corporate seal the  
 foregoing instrument and delivered the same as such officer as  
 aforesaid, and that the foregoing instrument is the voluntary act  
 and deed of such corporation, made by authority of its Board of  
 Directors.

IN WITNESS WHEREOF, I hereunto set my hand and  
 official seal.



Seku Jajic Kaplarevic  
 Notary Public

My Commission expires \_\_\_\_\_

# STEPTOE & JOHNSON LLP

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TIMOTHY M. WALSH  
(202) 429-6277

October 8, 1996

BY HAND

Honorable Vernon A. Williams  
Secretary  
Surface Transportation Board  
Room 2214  
12th & Constitution Avenue, N.W.  
Washington, D.C. 20423

Re: Recordation No. 19583-E

Dear Mr. Williams:

This letter is to supplement the September 10, 1996 transmittal for the document recorded as Recordation No. 19583-E. In order to more fully reflect all relevant information, the description of the equipment, the names and addresses of the parties and the summary for the index should be supplemented to read as follows:

Description of equipment:

The equipment subject to this document consists of the locomotives listed on Schedule 1 of the Mortgage and Security Agreement and locomotives thereafter acquired, to the extent not released under the partial releases that have been recorded under Recordation No. 19583-A, Recordation No. 19583-B, Recordation No. 19583-C and Recordation No. 19583-D. This document does not add or release any items of equipment.

Names and addresses of the parties:

Mortgagor: MK Rail Corporation  
200 Reedsdale Street  
Pittsburgh, PA 15233

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BOARD

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Honorable Vernon A. Williams  
October 8, 1996  
Page 2

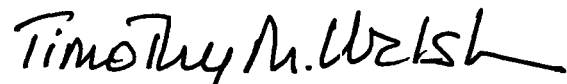
Mortgagee: BankAmerica Business Credit, Inc.  
(as Agent for certain lenders)  
231 South LaSalle  
16th Floor  
Chicago, Illinois 60697

Summary for index:

First Amendment to Mortgage of Locomotives and Security Agreement, dated as of September 10, 1996 between (1) MK Rail Corporation, as mortgagor, and (2) BankAmerica Business Credit, Inc. (as Agent for certain lenders), as mortgagee, covering all of the locomotives listed on Schedule 1 of the Mortgage of Locomotives and Security Agreement and locomotives thereafter acquired, recorded under Recordation No. 19583, to the extent not previously released by the partial releases recorded under Recordation Nos. 19583-A, 19583-B, 19583-C and 19583-D.

I request that, to the extent you conclude to be appropriate, this supplemental information be used to supplement the index for the document recorded as Recordation No. 19583-E, and that a copy of this letter be placed in the file.

Very truly yours,



Timothy M. Walsh  
Attorney for MK Rail  
Corporation

Enclosures